

PREPARED: April 13, 2026 · NYSE: MMM

52W RANGE: \$139.34 – \$177.41

CORPORATE ACCESS BRIEFING – CONFIDENTIAL

# 3M Company (MMM)

## CEO & CFO Meeting Prep

# \$149.27

▼ -0.70%

NEXT EARNINGS: April 21, 2026 · Q1 2026

**Live** Multiple broker target cuts in past 2 weeks (Citi →\$166, RBC →\$125, Wells Fargo →\$160, Jefferies  
**Market** →\$160). Broad macro headwinds and tariff uncertainty ahead of Q1 call on April 21. Stock trading 15.9%  
**Alert:** below Feb-2026 high of \$177.41.

MARKET CAP	P/E (TTM)	EV/EBITDA	FCF YIELD	DIV YIELD	BETA / YTD
<b>\$78.0B</b>	<b>25.1x</b>	<b>14.0x</b>	<b>~5.4%</b>	<b>2.1%</b>	<b>-7.0%</b>
~522M shares out	EPS TTM: \$6.00	FY2025 EBITDA \$6.5B	~\$4.2B TTM FCF	\$0.78/qtr · \$3.12 ann.	Beta 1.09

## 01 Company Snapshot

3M Company (est. 1902) is a diversified industrial technology company operating through three segments: **Safety & Industrial (SIBG)**, **Transportation & Electronics (TEBG)**, and **Consumer (CBG)**. The company manufactures and sells abrasives, adhesives, electronic materials, personal protective equipment, optical films, and consumer goods across more than 70 countries.

In April 2024, 3M completed the spin-off of its Health Care business (Solventum), fundamentally reshaping its revenue base to ~\$25B annually. The company exited all PFAS manufacturing by end-2025 — a milestone that management argues clears a multi-year litigation overhang. CEO **William M. Brown** (Chairman & CEO) and CFO **Anurag Maheshwari** are leading the transformation.

### KEY LEADERSHIP

Chairman & CEO	<b>William M. Brown</b>
CFO	<b>Anurag Maheshwari</b>
IR / FP&A	Chinmay Trivedi (SVP)
Employees	~60,500
Primary Exchange	NYSE
Website	www.mmm.com

## 02 Price & Trading Context

METRIC	VALUE
Current Price	\$149.27
52-Week High	\$177.41 (Feb 12, 2026)

### PRICE NARRATIVE

MMM is currently trading **15.9% below its 52-week high** of \$177.41 reached in February 2026, reflecting broad macro de-rating and sector

METRIC	VALUE
52-Week Low	\$139.34
YTD Change	-7.0%
50-Day MA	\$153.43
200-Day MA	\$144.36
Avg 30-Day Volume	3.3M shares
Beta	1.09

weakness. The stock sits above its 200-day MA (\$144.36) — a technical support level — but is pinned below the 50-day MA (\$153.43), suggesting near-term momentum is negative. The YTD decline of 7% compares unfavorably to the industrial sector. Multiple sell-side target cuts in the past two weeks (average new target ~\$160) indicate consensus has meaningfully reduced its expectations ahead of the Q1 2026 call on April 21.

### 03 Financial Summary

#### QUARTERLY P&L — LAST 8 QUARTERS

PERIOD	REVENUE	REV GROWTH YOY	GROSS MARGIN	EBITDA	EBITDA MARGIN	NET INCOME	EPS (BASIC)
Q4 2025	<b>\$6.13B</b>	<b>+2.0%</b>	<b>33.6%</b>	<b>\$1.22B</b>	<b>20.0%</b>	<b>\$0.58B</b>	<b>\$1.09</b>
Q3 2025	\$6.52B	+3.5%	41.8%	\$1.91B	29.2%	\$0.83B	\$1.56
Q2 2025	\$6.34B	+1.4%	42.5%	\$1.43B	22.6%	\$0.72B	\$1.35
Q1 2025	\$5.95B	-1.0%	41.6%	\$1.54B	25.8%	\$1.12B	\$2.05
Q4 2024	\$4.02B	—	—	\$2.16B	—	\$0.73B	\$1.67
Q3 2024	\$6.29B	—	—	\$2.93B	—	\$1.37B	\$2.49
Q2 2024	\$6.26B	—	—	\$2.26B	—	\$1.15B	\$2.07
Q1 2024	\$8.00B	—	—	\$1.94B	—	\$0.93B	\$1.40

Note: 2024 figures include Health Care segment (spun off April 2024); 2025 reflects continuing operations only. Q4 2024 revenue reflects first full quarter post-spinoff (~\$4B run-rate). Direct YoY comparisons are distorted by the spinoff.

#### ANNUAL TREND (FY2021–FY2025)

YEAR	REVENUE	EBITDA	EBITDA MARGIN	NET INCOME	EPS (BASIC)	EV/EBITDA	P/E
FY2025	<b>\$24.95B</b>	<b>\$6.52B</b>	<b>26.1%</b>	<b>\$3.25B</b>	<b>\$6.05</b>	<b>14.0x</b>	<b>26.5x</b>
FY2024	\$24.58B	\$7.08B	28.8%	\$4.17B	\$7.58	10.7x	17.0x
FY2023	\$32.68B	<b>\$(7.01B)</b>	<b>NM</b>	<b>\$(6.99B)</b>	<b>\$(10.56)</b>	NM	NM
FY2022	\$34.23B	\$8.62B	25.2%	\$5.78B	\$8.53	9.1x	14.1x
FY2021	\$35.36B	\$9.58B	27.1%	\$5.92B	\$8.55	11.9x	20.8x

FY2023 net loss reflects massive PFAS and Combat Arms litigation charges (~\$10.3B pre-tax). Post-spinoff, continuing operations basis revenue ~\$25B.

#### BALANCE SHEET & CASH FLOW (Q4 2025)

METRIC	VALUE
Total Assets	\$37.7B
Total Equity	\$4.7B
LT Debt	\$10.9B
ST Debt & Leases	\$1.7B
Net Debt	\$6.7B
Net Debt / EBITDA	~1.0x
FCF (Q4 2025)	\$1.34B
FCF Margin (Q4)	21.8%
Current Ratio	1.71x
Quick Ratio	0.99x

#### BALANCE SHEET COMMENTARY

The balance sheet reflects a post-spinoff, post-litigation-settlement capital structure. Net debt of \$6.7B at year-end is manageable at approximately 1.0x annual EBITDA. However, total liabilities represent **87.4% of assets**, leaving equity quite thin at \$4.7B. The \$10.8B in "other long-term provisions" is the key watch item — this represents the reserve for PFAS and Combat Arms settlement obligations, which will draw down over time. FCF conversion for the year was slightly above 100% — healthy — but Q2 2025 saw sharply negative FCF (–\$1.2B) driven by large working capital outflows tied to litigation payments, a pattern that warrants monitoring each quarter.

## 04 Valuation Snapshot

P/E (TTM)	EV/EBITDA	PRICE/SALES
<b>25.1x</b>	<b>14.0x</b>	<b>3.35x</b>
vs 17.0x at FY2024 year-end	FY2025; 10.7x FY2024	FY2025 revenue basis
PRICE/BOOK	FCF YIELD	DIVIDEND YIELD
<b>18.6x</b>	<b>~5.4%</b>	<b>2.1%</b>

Thin equity base post-spinoff

~\$4.2B TTM FCF est.

\$3.12 annualized

MMM's current P/E of 25x is elevated relative to its own recent history (17x at end-2024) and the broader industrials sector, despite the YTD sell-off. This premium reflects the market pricing in the transformation narrative and post-PFAS earnings recovery. At ~\$149, the stock is trading at a ~16% discount to the sell-side consensus target of ~\$178, implying the market has moved well below analyst expectations — likely driven by macro and tariff concerns ahead of Q1 results. The EV/EBITDA of 14x is higher than peers given the smaller post-spinoff EBITDA base; as margins expand toward management's 25%+ target, this multiple should compress organically.

## 05 Forward Estimates & Guidance

### MANAGEMENT 2026 GUIDANCE (ISSUED JAN 20, 2026)

METRIC	GUIDANCE
Organic Revenue Growth	~3.0%
Adj. Operating Margin	Expanding toward 25%+
Adj. EPS (2026E)	High single-digit growth vs \$8.06
Q1 2026 EPS Growth (approx)	High single digits YoY
Volume + Productivity Benefit	~\$875–900M
Tariff Headwind (known, H1)	<\$140M (half-year)
Litigation Costs 2026	~\$500M (in line with 2025)
Stranded Costs	Rising \$100M → \$150M
New Product Launches	~350 (vs 284 in 2025)

### TRUEBEATS SIGNAL — Q3 2026

SIGNAL	VALUE	INTERPRETATION
TrendBeat EPS	+0.00024	Slightly positive
TrendBeat Sales	-0.00010	Slightly negative
# EPS Analysts	8	
# Sales Analysts	4	

TrueBeats signals are neutral-to-marginally-positive on EPS but faintly negative on sales revisions for the next quarter. This is consistent with the current macro-driven uncertainty — analysts are not yet revising significantly in either direction ahead of the April 21 print. The divergence (EPS slightly positive vs sales slightly negative) could reflect modest margin leverage expectations even if top-line disappoints slightly.

## 06 Earnings Call Analysis — Last Two Quarters

## Q4 2025 EARNINGS CALL — JANUARY 20, 2026

## Q4 2025 · PREPARED REMARKS

**Transformation Progress — 4 Key Themes**

- 1. NPI Acceleration:** 284 new products launched in 2025, up 68% vs 2024 and more than double 2023 levels. Sales from products launched in the last five years rose 23% for the full year, exiting Q4 at 44% of total revenue — ahead of initial targets. Targeting 350 launches in 2026.
- 2. Margin Expansion:** Full-year adjusted operating margin of 23.4%, up 200bps YoY — at the high end of guidance and on top of 200bps expansion in 2024. Adjusted EPS grew double-digits to \$8.06. FCF conversion slightly above 100%.
- 3. 2026 Guidance:** ~3% organic revenue growth guided vs. macro IPI expected at ~1.7% — implying \$300M+ of market outgrowth (~half from NPI, half from commercial excellence). Volume + productivity expected to contribute \$875–900M of operating income benefit. Key offsets: \$225M incremental investment, \$150M stranded costs, <\$140M tariff headwind.
- 4. Portfolio Actions:** ~10% of the company's revenue base identified as "commodity-like" with lower strategic fit; divestitures being considered. Sale of precision grinding & finishing business underway (~7 factories to exit). Announced JV with Bain Capital for Madison Fire & Rescue in March 2026.

## Q4 2025 · Q&amp;A SESSION — TOUGH EXCHANGES

**Priority Verticals & Portfolio (Jeff Sprague, Vertical Research)**

*"How much of that pivot [to priority verticals] is sort of addition by subtraction versus investment focus growing and bulking up in areas you view as priority — and what percent of your current revenue base is in that priority bucket?"*

Brown: Priority verticals are "a little bit north of 60%" of revenue, growing because of investment. ~80% of R&D is now aligned to NPI in priority verticals. The remaining ~10% of the business is "more commodity-like" and will likely be exited over time. The pivot is "both organic and inorganic." **Tension point: management declined to give a specific timeline or size these divestitures.**

## Q4 2025 · Q&amp;A SESSION

**Macro vs. Self-Help — Sustainability of Outgrowth (Julian Mitchell, Barclays)**

*"When we think about the guidance for a deceleration in IPI in the US this year, but an acceleration in 3M's organic growth rate — is our impression correct that that's really all self-help?"*

Brown confirmed: ~75% of 2025's outgrowth vs macro came from commercial excellence, not macro. In 2026, the outgrowth is expected to be ~\$300M vs macro, split roughly 50/50 between NPI and commercial excellence. **Tension: Management is essentially promising that NPI takes over where commercial excellence has been the engine — an untested transition.**

## Q4 2025 · Q&amp;A SESSION

**Litigation Cost Trajectory (Steve Tusa, JPMorgan)**

*"The \$500 million in litigation costs in 2025 — how do you expect that to trend in 2026?"*

CFO Maheshwari: *"It's probably going to be in line with that. I can't really tell you if it's going to be up or down — it depends on what happens in the overall docket, but I would expect it to be pretty similar."* **Tension: \$500M annual litigation drag on an adjusted basis remains an opaque, uncontrolled headwind with no end date disclosed.**

#### Q4 2025 · Q&A SESSION

##### Footprint Consolidation Sizing (Joe O'Dea, Wells Fargo)

*"How are you thinking about targets for footprint reduction in 2026 — in terms of number of facilities and operating profit impact?"*

Brown: ~108 factories at year-end, ~100 after precision grinding sale. Plans to consolidate network over time. *"I can't size it for you today."* Paybacks are "3-4-5 year" horizon. Actions to accelerate in 2027. **Tension: The restructuring story is compelling for the medium term, but investors cannot model the P&L impact because management has not yet quantified it.**

### Q3 2025 EARNINGS CALL — OCTOBER 21, 2025

#### Q3 2025 · PREPARED REMARKS SUMMARY

##### Strong Quarter, Guidance Raised — Execution Momentum

Q3 delivered 3.2% organic growth — fourth consecutive quarter of positive growth — with 170bps operating margin expansion and 10% EPS growth to \$2.19. FCF was \$1.3B with 111% conversion. Full-year EPS guidance raised to \$7.95–\$8.05. 70 new products launched in Q3 (196 YTD), exceeding annual target of 215. OTIF reached 91.6% (+300bps YoY). China led geographic growth at high single digits. \$900M returned to shareholders in the quarter (\$400M dividends + \$500M buybacks), \$3.9B YTD.

#### Q3 2025 · Q&A SESSION — TOUGH EXCHANGES

##### NPI Quality — Class III vs. Class IV/V (Scott Davis, Melius Research)

*"Historically, new products have been used to maintain or drive margin — more class-III line extensions. Do you have a sense of what upside 3M could achieve if you're actually back to creating new categories — could this be a 4-5-6% growth company?"*

Brown: ~80% of 2025 launches were Class III (incremental line extensions), ~20% Class IV/V (adjacent markets, new categories). Cited a "cable prep system" in electrical markets as a Class IV/V example. Acknowledged *"we're not going to be at 50/50 Class III vs. fours and fives, but you'll see more fours and fives in the pipeline into next year and 2027."* **Tension: The Class IV/V mix is still small. Premium growth expectations require this to shift — management is being appropriately cautious but has not committed to a target.**

#### Q3 2025 · Q&A SESSION

##### Restructuring Scope and Sizing (Jeff Sprague, Vertical Research)

*"Is this the beginning of a 2-3 year very large project? What should we expect as we get into 2026 on these new restructuring actions?"*

Brown: *"Unlike the prior restructuring effort — which was more focused on short-term actions, quick payback — this is a more longer-term, thoughtful redesign of our manufacturing network, distribution network, and business process services."* Spending ~\$14M per quarter in Q3, guided to ~\$15M in Q4, with scale-up in 2026. More opportunities seen in G&A than anticipated at the February Investor Day. **Tension: "More opportunities than expected" is encouraging but raises questions about whether the original transformation savings targets were set conservatively or whether costs were underestimated.**

## 07 Recent News & Analyst Developments

---

Apr 13,  
2026

PRICE TARGET

### Citigroup cuts target to \$166 from \$175; maintains Neutral

Part of a wave of pre-earnings target reductions across industrials. Citi remains cautious on macro headwinds and tariff exposure. Avg analyst target now ~\$178.

Apr 8,  
2026

PRICE TARGET

### RBC Capital cuts target to \$125 (from \$136); maintains Underperform

Most bearish on Street. RBC cites ongoing tariff risk, consumer weakness, and execution risk on transformation targets. Wolfe Research simultaneously raises target to \$186, maintaining Outperform.

Apr 1,  
2026

PRICE TARGET

### Wells Fargo → \$160 (Overweight); Barclays → \$185 (Overweight)

Both maintain bullish ratings despite target reductions, consistent with thesis that macro headwinds are temporary and transformation is structural. Jefferies cuts to \$160, Hold (from \$180).

Mar 19,  
2026

M&A

### 3M & Bain Capital to acquire Madison Fire & Rescue for \$1.95B

3M will contribute its Scott Safety unit to a new JV with Bain Capital, receive \$700M cash proceeds at close, and own 50.1% of the venture. Transaction expected to close H2 2026. This is 3M's first significant inorganic move under Brown's transformation and signals intent to build scale in safety/fire protection.

Mar 16,  
2026

OPERATIONS

### 3M to more than double US production capacity of Expanded Beam Optical interconnect technology

Capacity expansion to meet growing AI data center demand. Financial terms not disclosed. Demonstrates 3M's push into the data center/AI infrastructure vertical — a key NPI priority area.

Feb 3,  
2026

DIVIDEND

### 3M declares Q1 2026 dividend of \$0.78/share (payable March 12)

Consistent with recent dividend levels. Annual dividend of \$3.12 on current price implies 2.1% yield. Note the dividend was cut significantly post-spinoff from the old \$1.50+/qtr level — a lingering sore point for long-term holders.

Apr 13,  
2026

COMMENTARY

### Seeking Alpha: "The PFAS Cloud Is Lifting, And What's Underneath Looks Really Good"

Reflects a growing bull thesis: post-PFAS, post-spinoff MMM is an execution story. Author argues litigation overhang has been replaced by an innovation and margin expansion narrative. Consensus target of \$178 implies ~19% upside from current levels.

## 08 Key Investment Themes

### THEME 1 — POST-PFAS NARRATIVE RESET

3M exited all PFAS manufacturing by end-2025 and has structured the Combat Arms settlement. The legal liability is now a known, flowing obligation (~\$500M/year) rather than an open-ended tail risk. This de-risking is the central reason the stock re-rated from ~\$90 to \$177 over the past 18 months. The question is whether the re-rating is complete or whether execution on the transformation warrants further multiple expansion. Resolution requires: confirmed litigation payments tracking as guided, no material new claims, and operating earnings growing to absorb the remaining settlement cash flows.

### THEME 3 — NPI ENGINE: CLASS III VS. IV/V TRANSITION

284 new products in 2025, targeting 350 in 2026. Currently 80% are Class III (incremental improvements). The organic growth model requires a shift toward Class IV/V innovations (adjacent and new markets) to sustain above-macro growth into 2027 and beyond. Management has cited the electrical market cable prep system and Expanded Beam Optical data center products as early examples. The NPI is already bending the revenue curve (+23% five-year NPI sales in 2025) but scaling Class IV/V wins to billions of revenue is a multi-year effort that can't yet be validated externally.

### THEME 2 — MARGIN EXPANSION RUNWAY

Management is targeting operating margins "beyond 25%" in 2027, after 23.4% in 2025. The two-year pathway requires ~170bps+ of additional expansion from productivity (supply chain, G&A automation), footprint consolidation (100 factories → ?), and operating leverage on volume growth. With 2025 delivery at the high end of guidance, credibility is being built. The unquantified restructuring program is the "margin option" that management is building. Execution risk is real: stranded costs are rising, not falling, and the payback period on plant consolidations is 3-5 years.

### THEME 4 — TARIFF & MACRO SENSITIVITY

Management guided a half-year tariff impact of <\$140M already embedded in 2026 guidance. European tariffs on US-EU trade flows (3M is net exporter ~\$700M) could add \$30–70M in 2026 — not yet in guidance. With IPI slowing in both the US and China, the macro tailwind has flipped to a modest headwind. 3M's ability to grow 3% organically while IPI runs at ~1.7% depends entirely on execution of self-help. Any further macro deterioration (recession signals, consumer slowdown) could collapse the outgrowth assumption that underpins the investment thesis.

## 09 Bull Case vs. Bear Case

### ● BULL CASE

- **PFAS overhang fully cleared:** Exit from PFAS manufacturing complete end-2025; structured settlement payments (~\$500M/yr) are now a modeled, not open-ended, liability.
- **NPI momentum accelerating:** 284 launches in 2025 (vs 168 in 2024); 5-year NPI revenue up 23%, exiting Q4 at 44% of sales — evidence the innovation engine is reigniting.
- **Margin trajectory credible:** 23.4% adj. operating margin in 2025 — 400bps above two years ago — on track to exceed 25% by 2027 via productivity, supply chain, and G&A restructuring.
- **Portfolio cleanup value unlocking:** Scott Safety JV + Bain (\$700M proceeds); precision grinding/finishing sale; ~10% of business being restructured toward higher-growth verticals.
- **Strong FCF conversion:** ~100%+ FCF/earnings conversion; ~\$4B+ FCF supports dividend (\$1.6B/yr), buybacks, and debt service without capital raise risk.
- **Unmodeled restructuring upside:** Footprint consolidation program not yet sized; management says "seeing more opportunity than at Investor Day" — potential 2027+ margin catalyst.
- **Consensus target ~\$178** implies ~19% upside from current price; most brokers maintain bullish ratings.

### ● BEAR CASE

- **Valuation too high for the earnings reality:** At 25x P/E, stock prices in a successful transformation. Any execution miss or guidance cut could trigger a sharp de-rating.
- **Revenue base permanently smaller post-spinoff:** ~\$25B vs \$35B+ pre-spinoff; the re-based company needs to grow into its multiple on a structurally smaller revenue base.
- **Litigation drag unquantifiable:** \$500M/year in litigation costs is guided "roughly in line" for 2026 — but management explicitly cannot forecast the docket. This is a perpetual earnings quality discount.
- **IPI slowing, consumer soft:** US IPI softening, auto builds down ~0.3%, consumer was negative YoY in Q4 2025 despite late-December recovery. Macro headwinds test the self-help narrative.
- **Tariff risk not fully quantified:** European tariffs not in guidance; potential \$30–70M additional headwind in 2026. Supply chain re-routing costs not disclosed.
- **Stranded costs rising, not falling:** Post-Healthcare-spinoff stranded costs rising from \$100M to \$150M in 2026 — wrong direction; implies transition is still messy.
- **RBC at \$125 is a live counter-thesis:** Bear case assumes transformation targets are missed and the stock reverts to a 15–17x industrial multiple on \$6–7 EPS — implying \$90–120 range.

## 10 Questions for CEO & CFO

The following questions are drawn from **live themes surfaced in the Q4 2025 and Q3 2025 earnings calls** plus new material given current market conditions (tariffs, macro, Madison Fire deal). Questions marked FROM EARNINGS CALL reference specific management exchanges; those marked NEW are forward-looking given the April 21 context.

**Q1. You guided organic revenue growth of ~3% for 2026 against an IPI backdrop of ~1.7%. Given the macro deterioration since January — US consumer softness, auto builds running negative, and potential tariff escalation — what is the 3% organic growth target's sensitivity to a further 50bps slowdown in IPI? At what level of IPI does 3% become unreachable?**

*The entire 2026 thesis rests on ~\$300M of self-help outgrowth vs. macro. If macro deteriorates further, the self-help pool needs to work even harder. Management has never publicly stress-tested the growth guidance.*

NEW · MACRO SENSITIVITY

**Q2. On tariffs — you disclosed in January that European tariff exposure on US-EU trade flows could add ~\$30–70M in 2026, and that this was not in guidance. Given the tariff environment has materially escalated since January, can you update that estimate and tell us whether you've taken any hedging or supply chain actions to mitigate it?**

*Tariff risk was a notable gap in January guidance. Since then, the environment has deteriorated. This is likely a top Q1 call question on April 21 — being prepared with 3M's updated view is essential.*

NEW · TARIFFS

**Q3. The footprint consolidation plan — you said at Q4 that you couldn't size the savings or number of facilities for us, with a "3-4-5 year payback." Going into Q1 2026, can you give investors any quantified targets: how many factories to exit in 2026 and 2027, what the restructuring charges will be, and what the steady-state savings are?**

*This is the most frequently asked and least answered question on both calls. Investors need a framework to model the margin bridge to 25%+. Management "seeing more opportunity than at Investor Day" only builds credibility if they quantify it.*

FROM Q4 2025 CALL — JOE O'DEA / JEFF SPRAGUE

**Q4. In Q4 2025 you mentioned that ~80% of R&D spend is now aligned to priority verticals. Of the 284 products launched in 2025, approximately 80% were Class III incremental and 20% were Class IV/V. As you target 350 launches in 2026, how is that mix evolving — and can you give us the revenue contribution in 2025 from Class IV/V specifically?**

*The sustainability of above-market organic growth depends on building Class IV/V NPI revenue, which management has acknowledged takes 2-3 years to move the needle. Investors need a quantified progress marker.*

FROM Q3 2025 CALL — SCOTT DAVIS

**Q5. The litigation cost line — \$500M in 2025, guided "roughly in line" for 2026. Can you help us understand the remaining aggregate obligation under the PFAS and Combat Arms settlements, the payment schedule, and when investors should expect this line to materially decline? Is there a year where litigation costs go below \$300M?**

*The \$500M/year is the single largest disconnect between adjusted and GAAP earnings. It is permanent until it isn't — but management has never given a terminal date or declining trajectory. This is a critical cash flow modeling question.*

FROM Q4 2025 CALL — STEVE TUSA / JPMORGAN

Q

**Q6. The Madison Fire & Rescue / Bain Capital JV is your first major inorganic move under the new strategy. You're contributing Scott Safety, receiving \$700M, and owning 50.1%. Can you walk through the EBIT and revenue impact to 3M continuing operations, and how does the safety/fire protection vertical fit into your priority growth framework versus your core SIBG segment?**

*The deal is structurally complex and the financial impacts are not yet fully disclosed. Analysts will want to understand whether this is accretive, dilutive, or neutral to 2026 EPS — and whether this signals an acquisitive phase in the transformation strategy.*

NEW · M&A STRATEGY

Q

**Q7. Stranded costs from the Healthcare spinoff are running at \$100M in 2025 and guided to rise to \$150M in 2026 — moving in the wrong direction two years post-spinoff. When do stranded costs peak and begin declining, and what's the path to eliminating them entirely?**

*Rising stranded costs are a persistent negative surprise that erodes the credibility of the margin expansion story. The market needs to see a clear trajectory to zero, not a rising trend.*

FROM Q4 2025 GUIDANCE

Q

**Q8. Consumer was down 2.2% organically in Q4 2025, but December recovered strongly (double-digit). How is Consumer tracking in Q1 2026, and what gives you confidence that the softness was transitory rather than the beginning of a sustained consumer pullback?**

*Consumer is the most macro-sensitive segment and received the least earnings visibility at the Q4 call. Management acknowledged inventory elevated and channel data was mixed. This is a near-term volatility driver.*

FROM Q4 2025 CALL — JOE O'DEA

Q

**Q9. You're expanding US production capacity for Expanded Beam Optical interconnects to serve AI data centers. Can you size the data center / AI infrastructure revenue opportunity for 3M over the next 3 years — and how does this vertical fit into your overall electronics segment NPI pipeline?**

*AI/data center infrastructure is a high-valuation growth category that investors want 3M to have clear exposure to. The capacity announcement was made without financials — there is a significant opportunity to tell this growth story more clearly.*

NEW · AI INFRASTRUCTURE

Q

**Q10. Capital allocation priorities: You have ~\$3.9B of buybacks through Q3 2025, a rising dividend, restructuring spend increasing, and now an M&A program emerging. With net debt at \$6.7B, how should investors think about the hierarchy of capital deployment over the next 12–18 months — and is the dividend safe at the current level relative to FCF?**

*Investors need clarity that the multiple expansion from buybacks is sustainable and that the dividend (already cut once post-spinoff) is not at risk if earnings disappoint or litigation payments spike.*

NEW · CAPITAL ALLOCATION

Q

**Q11. You mentioned ~10% of the company's revenue in "commodity-like" businesses for potential divestiture. With precision grinding & finishing underway and the Scott Safety JV announced, is there a 12-**

**month timeline for announcing the remaining portfolio decisions on that 10%? What's the expected total proceeds?**

*Portfolio clarity is a meaningful re-rating catalyst. Every quarter that commodity-like businesses remain in the portfolio is a drag on organic growth rate and margin profile. A timeline and sizing would be market-moving.*

FROM Q4 2025 CALL — JEFF SPRAGUE

## 11 Analyst's Summary View

---

MEETING CONTEXT — APRIL 13, 2026 · Q1 2026 EARNINGS IN 8 DAYS

3M is at an inflection point: the litigation chapter is structurally behind it, the spinoff has been completed, and CEO William Brown is two years into a genuine transformation — delivering 400bps of cumulative margin expansion and reaccelerating NPI. **The core investment debate heading into this management meeting is whether the ~\$149 stock price correctly discounts execution risk, or whether the sell-side consensus of ~\$178 reflects the more likely path.**

The bear case rests on tariff uncertainty, macro softness in US IPI and consumer, rising stranded costs, and an unquantified restructuring program with multi-year paybacks. The bull case rests on self-help mechanisms (commercial excellence, NPI, productivity) that management has consistently delivered against, a cleared PFAS cloud, and a margin runway toward 25%+ that investors are not yet paying for.

**The most important questions in this meeting center on three things:** (1) how tariff escalation changes the 2026 organic growth and margin bridge vs. January guidance; (2) when and by how much the footprint restructuring program will be quantified; and (3) the litigation cost trajectory — when \$500M/year begins declining. The Q1 print on April 21 will be the first real test of whether the self-help outgrowth narrative survives a more difficult external environment.

---

**Data Sources:** viaNexus Financial Data (CORE/QUOTE, CORE/STOCK\_STATS\_US, CORE/COMPANY\_DESCRIPTIONS, CORE/SUMMARY\_NORMALIZED\_FINANCIALS, EDGE/NORMALIZED\_FUNDAMENTALS, EDGE/TRUEBEATS\_EPS\_REVENUE\_FORECASTS, EDGE/EVENTS\_CALENDAR) · AIERA Historical Events Transcripts (Q4 2025 Event #2857329, Q3 2025 Event #2817510) · ExtractAlpha TrueBeats · SavaNet Fundamentals · MT Newswires North America · CityFalcon News · Briefing prepared April 13, 2026.

**Disclaimer:** This briefing note is prepared for the use of the named analyst and is intended solely for corporate access meeting preparation. It does not constitute investment advice, a solicitation, or an offer to buy or sell any security. All data is sourced from third-party providers and is subject to revision. Past performance is not indicative of future results.